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2. Notwithstanding any other provision of this Attachment, to the extent necessary or appropriate to implement and administer the amendments to Section 14105.98 of the Welfare and Institutions Code enacted during the 1994 calendar year, the Department may utilize an approach involving interim payments, with reconciliation to final payments within a reasonable time.

F. Supplemental Lump-Sum Payment Adjustments - September 30, 1993

1. For the 1993-94 payment adjustment year, each eligible hospital shall also be eligible to receive a supplemental lump-sum payment adjustment, which shall be payable as a result of the hospital being included on the disproportionate share list as of September 30, 1993. For purposes of federal medicaid rules, including Section 447.297(d) of Title 42 of the Code of Federal Regulations, the supplemental payment adjustments shall be applicable to the federal fiscal year that ends on September 30, 1993.
2. The availability of supplemental payment adjustments under this paragraph shall be determined as follows:
 - a. The final maximum state disproportionate share hospital allotment for California under the provisions of applicable federal medicaid rules shall be identified for the 1993 federal fiscal year. This final allotment is two billion one hundred ninety-one million four hundred fifty-one thousand dollars (\$2,191,451,000), as specified at page 43186 of Volume 58 of the Federal Register.
 - b. The total amount of all disproportionate share hospital per diem payment adjustment amounts under this Attachment, whether paid or payable, that are applicable to the 1993 federal fiscal year shall be determined. The applicability of the per diem payment adjustment amounts to the 1993 federal fiscal year shall be determined in accordance with federal medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.

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- c. The figure determined under paragraph b. above shall be subtracted from the figure identified under paragraph a. above. If the remainder is a positive figure, supplemental lump-sum payment adjustments shall be made under this Attachment in accordance with subsection 3.
3. The amount of the supplemental lump-sum payment adjustment to each eligible hospital shall be computed as follows:
 - a. The projected total of all disproportionate share per diem payment adjustment amounts payable to each particular eligible hospital under this Attachment for the 1993-94 payment adjustment year shall be determined. For each hospital, this figure shall be identical to the figure used for the same hospital in the calculations regarding transfer amounts under subdivision (h) of section 14163 of the California Welfare and Institutions Code for the 1993-94 state fiscal year.
 - b. The projected totals for all eligible hospitals determined under paragraph a. shall be added together to determine an aggregate total of all projected per diem payment adjustments for the 1993-94 payment adjustment year. This figure shall be identical to the aggregate figure for all hospitals used in the calculations regarding transfer amounts under subdivision (h) of Section 14163 of the California Welfare and Institutions Code for the 1993-94 state fiscal year.
 - c. The figure determined for each eligible hospital under paragraph a. shall be divided by the aggregate figure determined under paragraph b., yielding a percentage figure for each hospital.
 - d. The percentage figure determined for each hospital under paragraph c. above shall be multiplied by the positive remainder calculated under paragraph c. of subsection 2.
 - e. The product as so determined for each eligible hospital under paragraph d. shall be the

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supplemental lump-sum payment adjustment amount payable to the particular hospital.

- f. The Department shall make partial payments of the supplemental lump-sum payment adjustments to eligible hospitals on or before January 1, 1994. The Department shall make final calculations regarding the supplemental lump-sum payments based on data available as of March 1, 1994, and shall distribute the final payments promptly thereafter.

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G. Supplemental Lump-Sum Payment Adjustments - June 30, 1994

In addition to the lump-sum payment adjustments under Section F. of this Attachment, with respect to the 1993-94 payment adjustment year, the availability of additional supplemental lump-sum payment adjustments shall be determined in accordance with the following:

1. Each eligible hospital that remains in operation as of June 30, 1994, shall be eligible to receive a supplemental lump-sum payment adjustment, which shall be payable as a result of the hospital being a disproportionate share hospital in operation as of that date.
2. The final maximum state disproportionate share hospital allotment for California under the provisions of applicable federal medicaid rules shall be identified for the 1994 federal fiscal year. This final allotment is two billion one hundred ninety-one million four hundred fifty-one thousand dollars (\$2,191,451,000), as specified at page 22676 of Volume 59 of the Federal Register.
3. The total amount of all per diem payment adjustment amounts under this Attachment, whether paid or payable, that are applicable to the period October 1, 1993 through June 30, 1994, shall be determined. The applicability of the per diem payment adjustment amounts to this period of time shall be determined in accordance with federal medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
4. The figure determined under subsection 3. shall be subtracted from the figure identified under subsection 2. If the remainder is a positive figure, supplemental lump-sum payment adjustments shall be made under this Attachment in accordance with subsections 5. through 10.
5. The projected total of all other payment adjustment amounts payable to each hospital under this Attachment applicable to the 1993-94 payment adjustment year shall be determined for those hospitals that are in operation as of June 30, 1994. For each such hospital, this figure shall be identical to the sum of the figures used for the same hospital in the calculations regarding transfer

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amounts under subdivision (h) of Section 14163 for the 1993-94 state fiscal year, not including the supplemental lump-sum payments described in this Section.

6. The projected totals for all hospitals that are in operation as of June 30, 1994, as determined under subsection 5., shall be added together to determine an aggregate total.
7. The figure determined for each hospital under subsection 5. shall be divided by the aggregate figure determined under subsection 6., yielding a percentage figure for each hospital.
8. The percentage figure determined for each hospital under subsection 7. shall be multiplied by the positive remainder calculated under subsection 4.
9. The product determined under subsection 8. for each hospital shall be the supplemental lump-sum payment adjustment amount payable to the particular hospital, which shall be payable because the facility is a disproportionate share hospital in operation as of June 30, 1994.
10. The Department shall make interim and final payments of the supplemental lump-sum payment adjustments to hospitals on or before October 31, 1994.

H. Payment Adjustment Program for 1994-95 Payment Adjustment Year

1. With respect to the 1994-95 payment adjustment year, the program shall proceed in conformance with the provisions of other applicable Sections of this Attachment, except as set forth below.
 - a. No per diem payment adjustment amounts shall be payable in connection with the period July 1 through September 30 of the 1994-95 payment adjustment year. The Medi-Cal days of acute inpatient hospital service paid by or on behalf of the Department that otherwise would have given rise to payment adjustment amounts with respect to this period of time shall not count toward the maximum

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limit set forth in Section D., subsection 3. of this Attachment.

- b. All Medi-Cal days of acute inpatient hospital service paid by or on behalf of the Department that give rise to payment adjustment amounts with respect to the period October 1, 1994, through June 30, 1995, shall be treated as involving 1.4 days. As a result, each per diem payment adjustment amount otherwise payable to the hospital in connection with such paid days shall be increased by 40 percent. The Medi-Cal days in question shall be treated as involving 1.4 days toward the maximum limit set forth in Section D., subsection 3. of this Attachment.
- c. For the 1994-95 payment adjustment year, no eligible hospital shall receive total payment adjustments, including per diem payment adjustment amounts and any supplemental lump-sum payment adjustment amounts, in excess of the projected total payment adjustment amounts that were computed or recomputed, as applicable, for the hospital by the Department with respect to the 1994-95 payment adjustment year. For each hospital, this maximum figure shall not exceed the sum of the following two components:
 - (1) The final figure computed by the Department as the hospital's total per diem composite amount (including any applicable adjustments under Section D., subsection 5.), multiplied by 80 percent of the hospital's annualized Medi-Cal inpatient paid days; and
 - (2) The amount calculated by the Department as the hospital's pro rata share (based on the figures for all hospitals computed under subparagraph (1)) of the remainder determined by subtracting the sum of the figures computed for all hospitals under subparagraph (1) from the final maximum state disproportionate share hospital allotment for California under applicable federal rules for the 1995 federal fiscal year.

- d. Any payment adjustment amount that otherwise would be payable to a hospital, but that is not payable as a result of the provisions of paragraph c., shall be withheld or recouped by the Department and distributed on a descending pro rata basis as part of the supplemental lump-sum distribution described in subsection 2. below to those hospitals that have not reached their maximum figure as described in paragraph c.
2. The availability of supplemental lump-sum payment adjustments shall be determined in accordance with the following:
- a. Each eligible hospital that remains in operation as of June 30, 1995, shall be eligible to receive a supplemental lump-sum payment adjustment, which shall be payable as a result of the hospital being a disproportionate share hospital in operation as of that date.
 - b. The final maximum state disproportionate share hospital allotment for California under the provisions of applicable federal medicaid rules shall be identified for the 1995 federal fiscal year.
 - c. The total amount of all per diem payment adjustment amounts under this Attachment, whether paid or payable, that are applicable to the period October 1, 1994 through June 30, 1995, shall be determined. The applicability of the per diem payment adjustment amounts to this period of time shall be determined in accordance with federal medicaid rules, including Sections 447.297(d)(3) and 447.298 of Title 42 of the Code of Federal Regulations.
 - d. The figure determined under paragraph c. shall be subtracted from the figure identified under paragraph b. If the remainder is a positive figure, supplemental lump-sum payment adjustments shall be made under this Attachment in accordance with paragraphs e. through j.

- e. The projected total of all other payment adjustment amounts payable to each hospital under this Attachment applicable to the 1994-95 payment adjustment year shall be determined for those hospitals that are in operation as of June 30, 1995. For each such hospital, this figure shall be identical to the sum of the figures used for the same hospital in the calculations regarding transfer amounts under subdivision (h) of Section 14163 for the 1994-95 state fiscal year, not including the supplemental lump-sum payments described in this Section.
- f. The projected totals for all hospitals that are in operation as of June 30, 1995, as determined under paragraph e., shall be added together to determine an aggregate total.
- g. The figure determined for each hospital under paragraph e. shall be divided by the aggregate figure determined under paragraph f., yielding a percentage figure for each hospital.
- h. The percentage figure determined for each hospital under paragraph g. shall be multiplied by the positive remainder calculated under paragraph d.
- i. The product determined under paragraph h. for each hospital shall be the supplemental lump-sum payment adjustment amount payable to the particular hospital, which shall be payable because the facility is a disproportionate share hospital in operation as June 30, 1995, subject to the limitations in subsection 1., paragraphs c. and d.
- j. The Department shall make interim and final payments of the supplemental lump-sum payment adjustments to hospitals on or before October 31, 1995.

3. For purposes of complying with section 13621 of the Omnibus Budget Reconciliation Act of 1993, the hospital-specific limitation described in Section J. shall be applicable to amounts otherwise paid or payable with respect to the 1994-95 payment adjustment year.

I. Payment Adjustment Program for 1995-96 Payment Adjustment Year

1. With respect to the 1995-96 payment adjustment year, the program shall proceed in conformance with the provisions of other applicable Sections of this Attachment, except as set forth below.
 - a. The Department shall, in the manner used for prior years, compute the projected total payment adjustment amounts for all eligible hospitals, by determining for each eligible hospital its total per diem composite amount and multiplying that figure by 80 percent of the hospital's annualized Medi-Cal inpatient paid days.
 - b. The products of the calculations under paragraph a. for all eligible hospitals shall be added together. The sum of all these figures shall be the unadjusted projected total payment adjustment program for the 1995-96 payment adjustment year.
 - c. The Department shall estimate the state disproportionate share hospital allotment for California for the 1996 federal fiscal year under applicable federal rules. The estimate shall not exceed the allotment that was applicable for California for the 1995 federal fiscal year.
 - d. The estimate identified under paragraph c. shall be reduced by subtracting the total amount of the supplemental lump-sum payments paid or payable under

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Section G and Section H of this Attachment. The result of this calculation shall be the unadjusted tentative size of the payment adjustment program for the 1995-96 payment adjustment year.

e. The total per diem composite amount computed for each eligible hospital under paragraph a. shall be modified as follows:

- (1) A percentage figure to be used for this purpose shall be that percentage that is derived by dividing the amount determined under paragraph d by the unadjusted projected total payment adjustment program amount determined under paragraph b.
- (2) The percentage figure derived under subparagraph (1) shall be applied to the total per diem composite amount for each eligible hospital, yielding an adjusted total per diem composite amount for each hospital for the 1995-96 payment adjustment year.
- (3) The adjusted projected total payment adjustment amount for each eligible hospital shall be computed as follows:
 - (a) The adjusted total per diem composite amount determined under subparagraph (2) for each eligible hospital shall be multiplied by 80 percent of the hospital's annualized Medi-Cal inpatient paid days.
 - (b) The amount computed for each hospital under clause (a) shall be compared to the OBRA 1993 payment limitation that, in accordance with Section J, the Department has computed for the particular hospital.